



Financial Statements And Related Announcement  
For Financial Year Ended 28 February 2019

**CHEUNG WOH TECHNOLOGIES LTD**

Co. Reg. No. 197201205Z

Full Year Financial Statements And Related Announcement

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3),  
 HALF-YEAR AND FULL YEAR RESULTS**

The Directors of Cheung Woh Technologies Ltd advise the following unaudited results of the Group for the financial year ended 28 February 2019.

**1(a) A consolidated statement of comprehensive income for the Group together with a comparative statement for the corresponding period of the immediately preceding financial year**

**Consolidated Statement of Comprehensive Income**

	Notes	GROUP		Increase/ (decrease) %	GROUP		Increase/ (decrease) %
		4QFY19 S\$'000	4QFY18 S\$'000		For the year ended		
					2019 S\$'000	2018 S\$'000	
Turnover		11,086	20,727	(46.5)	76,818	72,822	5.5
Cost of sales		(10,499)	(21,912)	(52.1)	(67,203)	(75,806)	(11.3)
Gross profit/(loss)		587	(1,185)	n.m.	9,615	(2,984)	n.m.
Other operating income	a	1,105	2,007	(44.9)	3,391	5,811	(41.6)
Distribution and selling expenses		(397)	(917)	(56.7)	(2,630)	(3,798)	(30.8)
General and administrative expenses		(10,840)	(7,258)	49.4	(17,421)	(13,414)	29.9
Other expenses	b	-	(543)	n.m.	-	(543)	n.m.
Finance costs		(63)	(174)	(63.8)	(363)	(635)	(42.8)
Share of results of associate companies		-	(130)	n.m.	-	(120)	n.m.
Loss before taxation	c	(9,608)	(8,200)	17.2	(7,408)	(15,683)	(52.8)
Income tax expense		(1,198)	(719)	66.6	(1,539)	(1,075)	43.2
Loss for the financial year		(10,806)	(8,919)	21.2	(8,947)	(16,758)	(46.6)
Other comprehensive income:							
Foreign currency translation gain/(loss)		348	342		(629)	(728)	
Total comprehensive income for the financial year		(10,458)	(8,577)		(9,576)	(17,486)	
Loss attributable to:							
Equity owners of the Company		(10,806)	(8,919)		(8,947)	(16,758)	
Total comprehensive income attributable to:							
Equity owners of the Company		(10,458)	(8,577)		(9,576)	(17,486)	
Earnings per share (cents)							
Basic and diluted		(3.58)	(2.95)		(2.96)	(5.55)	

n.m. - not meaningful

**1(a) A consolidated statement of comprehensive income for the Group together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)**

<u>Notes</u>	GROUP		GROUP		
	4QFY19 S\$'000	4QFY18 S\$'000	For the year ended		
			2019 S\$'000	2018 S\$'000	
a	The Group's other operating income included the following:				
	Sales of scrap metal	333	991	2,853	3,284
	Interest income	38	11	66	35
	Bad debts recovered	-	-	4	-
	Sundry income	51	29	196	185
	Rental income	77	25	268	102
	Gain on disposal of property, plant and equipment	4	-	4	-
	Foreign exchange gain	602	951	-	2,205
b	Other expenses of S\$543,000 incurred in 4QFY18 and FY2018 represented loss on disposal of investments in associate companies.				
c	The Group's profit before taxation is arrived at after charging/(crediting):				
	Amortisation and depreciation	2,306	2,829	9,611	10,362
	Inventories written-off	-	7	-	2,637
	Social insurance and housing fund	243	295	801	1,332
	Interest expense on interest-bearing loans and borrowings	63	174	363	635
	Loss on disposal of property, plant and equipment	-	2	-	4
	Foreign exchange loss	-	-	873	-
	Write-off of property, plant and equipment	1,255	1,600	1,255	1,600
	(Write-back of)/allowance for inventories obsolescence	(3)	18	8	44
	Impairment loss on property, plant and equipment	7,993	3,263	7,993	3,263
	Impairment loss on intangible assets	113	-	113	-

**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year**

	GROUP		COMPANY	
	2019	2018	2019	2018
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	51,625	70,497	1,564	1,581
Investment property	2,460	2,525	2,460	2,525
Intangible assets	-	122	-	122
Investments in subsidiary companies	-	-	34,716	44,397
Deferred tax assets	273	191	272	122
	<u>54,358</u>	<u>73,335</u>	<u>39,012</u>	<u>48,747</u>
<b>Current assets</b>				
Inventories	10,771	14,928	-	-
Trade receivables	10,179	22,129	-	-
Other receivables	1,774	11,560	16,758	22,270
Other current assets	785	2,097	80	215
Cash and bank balances	20,701	9,184	1,732	5,795
	<u>44,210</u>	<u>59,898</u>	<u>18,570</u>	<u>28,280</u>
<b>Total assets</b>	<u>98,568</u>	<u>133,233</u>	<u>57,582</u>	<u>77,027</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Current liabilities</b>				
Trade payables	3,688	11,129	29	62
Other payables	4,016	9,167	602	607
Interest-bearing loans and borrowings	5,161	16,237	-	9,770
Income tax payable	181	52	-	-
	<u>13,046</u>	<u>36,585</u>	<u>631</u>	<u>10,439</u>
<b>Net current assets</b>	31,164	23,313	17,939	17,841
<b>Non-current liabilities</b>				
Interest-bearing loans and borrowings	456	2,627	-	-
Deferred tax liabilities	4,182	3,108	-	-
	<u>4,638</u>	<u>5,735</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<u>17,684</u>	<u>42,320</u>	<u>631</u>	<u>10,439</u>
<b>Net assets</b>	<u>80,884</u>	<u>90,913</u>	<u>56,951</u>	<u>66,588</u>
<b>Equity attributable to owners of the Company</b>				
Share capital	50,200	50,200	50,200	50,200
Treasury shares	(1,923)	(1,923)	(1,923)	(1,923)
Revenue reserve	37,427	46,827	8,674	18,311
Statutory reserve	1,219	1,219	-	-
Foreign currency translation reserve	(6,039)	(5,410)	-	-
	<u>80,884</u>	<u>90,913</u>	<u>56,951</u>	<u>66,588</u>
<b>Total equity and liabilities</b>	<u>98,568</u>	<u>133,233</u>	<u>57,582</u>	<u>77,027</u>

**1(b)(i) Aggregate amount of the group's borrowings and debt securities**

A) Amount repayable in one year or less, or on demand #

As at 28.02.2019		As at 28.02.2018	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
5,161	-	6,467	9,770

# The amount of \$5,161,000 (28.02.2018: \$6,467,000) includes \$1,230,000 (28.02.2018: \$3,102,000) repayable after one year based on the scheduled repayment dates in the loan agreements. The amount is classified as repayable in one year or less, or on demand in compliance with accounting standard.

B) Amount repayable after one year

As at 28.02.2019		As at 28.02.2018	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
456	-	2,627	-

C) Details of any collateral:

The bank borrowings of certain subsidiary companies are secured by legal mortgage over the subsidiary companies' properties and corporate guarantee from the Company.

c) **A consolidated statement of cash flows, together with a comparative statement for the corresponding period of the immediately preceding financial year**

	GROUP		GROUP	
	4QFY19	4QFY18	For the year ended	
	S\$'000	S\$'000	2019	2018
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flows from operating activities</b>				
Loss before taxation	(9,608)	(8,200)	(7,408)	(15,683)
Adjustments for:				
Amortisation and depreciation	2,306	2,829	9,611	10,362
(Write-back of)/allowance for inventories obsolescence	(3)	18	8	44
Inventories written-off	-	7	-	2,637
Interest expense	63	174	363	635
Unrealised exchange loss/(gain)	91	(125)	(79)	(49)
Share of results of associate companies	-	130	-	120
(Gain)/loss on disposal of property, plant and equipment	(4)	2	(4)	4
Impairment loss on property, plant and equipment	7,993	3,263	7,993	3,263
Impairment loss on intangible assets	113	-	113	-
Loss on disposal of investments in associate companies	-	543	-	543
Loss on termination of club membership	-	8	-	8
Write-off of property, plant and equipment	1,255	1,600	1,255	1,600
Gain on strike-off of a subsidiary	-	(11)	-	(11)
Interest income	(38)	(11)	(66)	(35)
Bad debts recovered	-	-	(4)	-
<b>Operating cash flows before changes in working capital</b>	<b>2,168</b>	<b>227</b>	<b>11,782</b>	<b>3,438</b>
(Increase)/decrease in:				
Inventories	(496)	1,344	4,022	(5,448)
Trade receivables	8,853	(1,957)	12,123	(6,173)
Amount due from an associate company	-	175	-	93
Other receivables and prepayments	74	1,278	2,432	(2,236)
(Decrease)/increase in:				
Trade payables	(646)	(28)	(7,222)	4,823
Other payables	(2,564)	(2,829)	(4,389)	2,774
<b>Cash flow generated from/(used in) operations</b>	<b>7,389</b>	<b>(1,790)</b>	<b>18,748</b>	<b>(2,729)</b>
Interest received	38	11	66	35
Interest paid	(63)	(174)	(363)	(635)
Income tax paid	(272)	(60)	(373)	(341)
<b>Net cash flow generated from/(used in) operating activities</b>	<b>7,092</b>	<b>(2,013)</b>	<b>18,078</b>	<b>(3,670)</b>

**1(c) A consolidated statement of cash flow, together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)**

	GROUP		GROUP	
	4QFY19	4QFY18	For the year ended	
	S\$'000	S\$'000	2019	2018
			S\$'000	S\$'000
<b>Cash flow from investing activities</b>				
Additions to intangible assets	-	-	-	(23)
Purchase of property, plant and equipment	(56)	(702)	(870)	(8,520)
Proceeds from disposal of property, plant and equipment	284	1	307	4
Advance payments made to suppliers of property, plant and equipment	-	-	(580)	(2,672)
Proceeds from disposal of investments in associate companies	-	5,578	8,370	5,578
Dividend income received from associate	-	-	-	3,318
<b>Net cash flow generated from/(used in) investing activities</b>	<b>228</b>	<b>4,877</b>	<b>7,227</b>	<b>(2,315)</b>
<b>Cash flow from financing activities</b>				
Repayment of interest-bearing loans and borrowings	(3,695)	(5,204)	(25,699)	(22,349)
Increase in cash and cash equivalents subject to restrictions	(32)	-	(36)	(5)
Dividends paid on ordinary shares	-	-	(453)	(302)
Proceeds from interest-bearing loans and borrowings	3,503	2,316	12,454	27,164
<b>Net cash flow (used in)/generated from financing activities</b>	<b>(224)</b>	<b>(2,888)</b>	<b>(13,734)</b>	<b>4,508</b>
Net increase/(decrease) in cash and cash equivalents	7,096	(24)	11,571	(1,477)
Cash and cash equivalents at beginning of financial period/year	13,666	8,981	9,041	10,615
Effect of exchange rate changes on cash and cash equivalents	(206)	84	(56)	(97)
<b>Cash and cash equivalents at end of financial period/year</b>	<b>20,556</b>	<b>9,041</b>	<b>20,556</b>	<b>9,041</b>

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following:

	GROUP	
	2019	2018
	S\$'000	S\$'000
Cash and bank balances	20,556	9,041
Fixed deposits	145	143
	<u>20,701</u>	<u>9,184</u>
Less:		
Cash and cash equivalents subject to restriction *	(145)	(143)
Cash and cash equivalents at end of financial period	<u>20,556</u>	<u>9,041</u>

\* This relates to fixed deposits pledged for banker's facilities granted to a subsidiary company.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

		Attributable to equity owners of the Company					Total equity attributable to equity owners of the Company	
		Share capital	Treasury shares	Revenue reserve	Statutory reserve	Foreign currency translation reserve	Total other reserves	
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
<b>GROUP</b>								
<b>Balance as at 28.02.2018</b>		50,200	(1,923)	46,827	1,219	(5,410)	(4,191)	90,913
Total comprehensive income for the financial year		-	-	(8,947)	-	(629)	(629)	(9,576)
Dividends paid on ordinary shares		-	-	(453)	-	-	-	(453)
<b>Balance as at 28.02.2019</b>		50,200	(1,923)	37,427	1,219	(6,039)	(4,820)	80,884
<b>Balance as at 28.02.2017</b>		50,200	(1,923)	63,887	1,219	(4,682)	(3,463)	108,701
Total comprehensive income for the financial year		-	-	(16,758)	-	(728)	(728)	(17,486)
Dividends paid on ordinary shares		-	-	(302)	-	-	-	(302)
<b>Balance as at 28.02.2018</b>		50,200	(1,923)	46,827	1,219	(5,410)	(4,191)	90,913



1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

	Share capital S\$'000	Treasury shares S\$'000	Revenue reserve S\$'000	Total equity S\$'000
<b>COMPANY</b>				
<b>Balance as at 28.02.2018</b>	50,200	(1,923)	18,311	66,588
Total comprehensive loss for the financial year	-	-	(9,184)	(9,184)
Dividends paid on ordinary shares	-	-	(453)	(453)
<b>Balance as at 28.02.2019</b>	<u>50,200</u>	<u>(1,923)</u>	<u>8,674</u>	<u>56,951</u>
<b>Balance as at 28.02.2017</b>	50,200	(1,923)	17,020	65,297
Total comprehensive income for the financial year	-	-	1,593	1,593
Dividends paid on ordinary shares	-	-	(302)	(302)
<b>Balance as at 28.02.2018</b>	<u>50,200</u>	<u>(1,923)</u>	<u>18,311</u>	<u>66,588</u>

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

Share Capital

	<u>Group and Company</u> 2019 and 2018	
	No. of shares (('000)	(S\$'000)
Ordinary shares - Issued and fully paid Balance as at 28 February	<u>313,085</u>	<u>50,200</u>

There was no change in the Company's share capital from 28 February 2018 to 28 February 2019.

As at 28 February 2019, the Company held 10,873,000 of its issued shares as Treasury Shares (28 February 2018: 10,873,000).

The Company does not have any outstanding options or convertibles as at 28 February 2019 (28 February 2018: Nil).

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	28.02.2019	28.02.2018
	Number of shares	Number of shares
	('000)	('000)
Total number of shares issued	313,085	313,085
Less: Treasury shares	<u>(10,873)</u>	<u>(10,873)</u>
Issued shares excluding treasury shares	<u><u>302,212</u></u>	<u><u>302,212</u></u>

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the current financial period reported on.

**2 Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)**

The figures in this announcement have not been audited or reviewed by the Company's auditors.

**3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of the matter)**

Not applicable.

**4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

The accounting policies and methods of computation adopted in the financial statements for the current reporting period are consistent with those disclosed in the audited financial statements as at 28 February 2018 except that the Group has adopted new Financial Reporting Standards ("FRS") which became effective for periods beginning on or after 1 January 2018/1 March 2018.

**5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

For annual financial period beginning on or after 1 January 2018, Singapore-incorporated companies listed on the Singapore Exchange are required to apply Singapore Financial Reporting Standards (International) ("SFRS(I)"), a new financial reporting framework identical to International Financial Reporting Standards. The Group has adopted SFRS(I) on 1 March 2018.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as that of the audited financial statements for the financial year ended 28 February 2018, except for the adoption of the new/revised SFRS(I) applicable for the financial period beginning 1 March 2018 as follows:

- SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International)
- SFRS(I) 9 Financial Instruments
- SFRS(I) 15 Revenue from Contracts with Customers

As stated in the Group's 1QFY2019 results announcement, the adoption does not have significant impact on the Group's financial statements.

**6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	GROUP			
	4QFY19	4QFY18	2019	2018
Loss attributable to shareholders (\$'000)	(10,806)	(8,919)	(8,947)	(16,758)
Weighted average number of shares used to compute basic and diluted earnings per share ('000)	302,212	302,212	302,212	302,212
Earnings per share (cents) - basic and diluted	(3.58)	(2.95)	(2.96)	(5.55)

Note a: The weighted average number of shares was computed after adjusting for the effect of treasury shares held by the Company.

**7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued share capital excluding treasury shares of the issuer at the end of the:**  
**(a) current period reported on; and**  
**(b) immediately preceding financial year**

	GROUP		COMPANY	
	2019	2018	2019	2018
Net asset value per ordinary share based on share capital at the end of the period (cents)	26.76	30.08	18.84	22.03

The calculation of the net asset value per ordinary share was based on total number of 302,212,000 (28.02.2018: 302,212,000) ordinary shares (excluding treasury shares).

**8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**  
**(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**  
**(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

**Consolidated statement of comprehensive income**

The Group has reported a turnover of \$76.8 million for the financial year ended 28 February 2019 (FY2019), an increase of 5.5% (or \$4.0 million) as compared to \$72.8 million in the previous financial year (FY2018). The higher turnover was mainly attributable to an increase in sales of HDD components segment. This was partially offset by a reduction in turnover for the Precision Metal Stamping ("PMS") components segment. Quarter-on-quarter, turnover decreased by 46.5% (or \$9.6 million). The decrease was attributable to a decrease in sales for both the HDD and PMS components segment.

Cost of sales ("COS") of the Group in FY2019 decreased by 11.3% (or \$8.6 million) as compared to FY2018. The decrease was mainly due to high COS recorded in FY2018. This was due to inventory written off, high materials, overheads and labour costs incurred in FY2018. Quarter-on-quarter, COS decreased by 52.1% (or \$11.4 million). This was attributed to an overhead cost incurred in 4QFY2018 that arose as a result of changes in useful life of toolings and fixtures and a reduction in materials and labour costs (reduced headcounts) in 4QFY2019.

As a result of the above, gross profit margin improved as compared to the previous financial periods.

Other operating income in FY2019 was 41.6% (or \$2.4 million) lower than FY2018. The reduction in other operating income was due to a foreign exchange gain of \$2.2 million recorded in FY2018, whereas a foreign exchange loss was recorded in FY2019. Quarter-on-quarter, other operating income experienced a 44.9% decrease (or \$0.9 million), which was attributed to a reduction in sales of scrap metal by \$0.7 million and a reduction in foreign exchange gain of \$300K. Lower sales of scrap metal was mainly due to low production level of Baseplates during 4QFY2019.

Distribution and selling expenses ("D&S expenses") decreased by 30.8% (or \$1.2 million) as compared to FY2018. The reduction is mainly due to more efficient mode of transport being used in FY2019. Quarter-on-quarter, D&S expenses reduced by 56.7% (or \$0.5 million). This is consistent with the reduction in sales compared to 4QFY2018.

General and administrative expenses ('G&A' expenses) increased by 29.9% (or \$4.0 million) and 49.4% (or \$3.6 million) as compared to FY2018 and 4QFY2018 respectively. The increase was mainly due to higher impairment loss on property, plant and equipment ('PPE') provided in the current financial year. Certain PPE used in the production of Baseplates will become idle upon completion of orders in September 2019. The impairment is based on equipment used for the production of forged helium-filled hard-disk drive Baseplates. Based on the latest information from our customer, they are using an alternative manufacturing method for baseplates in the future models. We are expected to supply our current model of Baseplates until September 2019. This has led to this impairment exercise. As the carrying amounts of these PPE exceed their recoverable amounts, an allowance for impairment of \$8.0 million (FY2018: \$3.3 million) was made. Capitalized expenses related to the maintenance of these PPE (\$1.3 million) were written-off as a result of the impairment exercise. Intangible assets related to Baseplates patents (\$113K) were impaired as a consequence of the impairment exercise.

Other expenses of \$543K incurred in previous financial year represented a loss on disposal of investments in associate companies.

Finance costs decreased by 42.8% (or \$272K) and 63.8% (or \$111K) as compared to FY2018 and 4QFY2018 respectively, which was mainly attributable to the reduction in interest-bearing loans and borrowings during the year.

There was no share of results of associates in FY2019 as the Company had completed the disposal of its investment in associates in previous financial year.

Income tax expense increased by 43.2% (or \$0.5 million) and 66.6% (or \$0.5 million) as compared to FY2018 and 4QFY2018 respectively. This was mainly due to higher deferred tax expenses provided for during FY2019.

### **Statement of financial position**

The Group's non-current assets decreased by 25.9% (or \$19.0 million) as compared to the previous financial year ended 28 February 2018 (FY18). The decrease was mainly due to three reasons:

1. depreciation expenses charged on PPE amounting to \$9.6 million;
2. allowance on impairment (\$8.0 million) and write-off of PPE (\$1.3 million) as explained in G&A expenses above; and
3. depreciation of Renminbi and Ringgit Malaysia against Singapore Dollar has resulted in a lower net book value of PPE upon consolidation of financial statements (\$2.0 million).

The decrease was offset by additions in PPE during the year (\$2.2 million).

At Company level, investments in subsidiary companies has decreased by 21.8% (or \$9.7 million) due to impairment on investment in a subsidiary. In accordance with SFRS(I) 1-36 Impairment of Assets, we have assessed that the carrying amount of the investment in a subsidiary has exceeded its recoverable amount. As a result, an impairment was made.

The Group's current assets decreased by 26.2% (or \$15.7 million) mainly due to decreases in inventories, trade receivables, other receivables and other current assets in FY2019. Inventories decreased by \$4.2 million as compared to FY18. The decrease was mainly caused by lower stock balance of Baseplates as a result of lower forecast by customer. Trade receivables decreased by \$12.0 million mainly due to lower sales recorded in 4QFY19. Other receivables decreased by \$9.8 million mainly due to two reasons. Firstly, the proceeds from the disposal of investment in associates was received during 1QFY19. Secondly, value-added-tax recoverable in subsidiaries in China has decreased due to higher sales. Other current assets decreased by \$1.3 million mainly due to lower balance of prepayments and advance payments made for the acquisitions of plant and machineries. The lower balance of advance payments was a result of the reclassification to property, plant and equipment upon receipt. The decreases in current assets were partially offset by increase in cash and bank balances. At the Company level, other receivables decreased by \$5.5 million mainly due to receipt of disposal proceeds as mentioned above which was partially offset by increase in inter-companies receivables.

The Group's current liabilities reduced by 64.3% (or \$23.5 million) as compared to FY18 mainly due to decreases in trade and other payables and interest-bearing loans and borrowings. Trade payables decreased by \$7.4 million mainly due to lesser purchases made in 4QFY2019. Other payables decreased by \$5.1 million due to three reasons. Firstly, there was a decrease in advance payments from customers due to recognition of revenue upon delivery of goods. Secondly, payables on purchase of machinery, other creditors and accrued operating expenses were reduced due to settlements. Thirdly, accrued personnel expenses decreased due to reduction of headcount in China subsidiaries in 4QFY2019. Interest-bearing loans and borrowings decreased due to repayments made during the financial year.

The Group's non-current liabilities decreased by 19.1% (or \$1.1 million) as compared to FY18 mainly due to the transfer of interest-bearing loans and borrowings due within the next twelve months from non-current liabilities to current liabilities.

#### **Consolidated statement of cash flows**

During FY2019, the Group had generated net cash flow from operating activities of \$18.1 million, in contrast with \$3.7 million used in FY2018. The net cash flows generated from operating activities was mainly contributed by operating cash flows before changes in working capital, decreases in inventories, trade receivables and other receivables and prepayments. It was partially offset by decreases in trade and other payables.

In investing activities, the Group generated \$7.2 million in FY2019, in contrast with \$2.3 million used in the previous financial year. The net cash generated was mainly contributed by proceeds from disposal of investment in associate companies. It was partially offset by purchases of property, plant and equipment incurred during the year.

During FY2019, the Group used \$13.7 million in financing activities, in contrast with \$4.5 million generated in FY2018. The net cash flow used was mainly for repayment of interest-bearing loans and borrowings and dividends paid on ordinary shares.

**9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

The Group has reported a loss for 4QFY2019 and FY2019. The loss was mainly due to impairment charges made on certain property, plant and equipment in our Zhuhai subsidiaries used in the production of Baseplates (the 'PPE'). Upon completion of orders for Baseplates in September 2019, the PPE will become idle. We have carried out an impairment assessment, in accordance with SFRS(I) 1-36 Impairment of Assets and have assessed that the carrying amounts of these PPE exceed their recoverable amounts, and accordingly, we have made allowance for impairment for these PPE.

The Company has made a profit guidance announcement in this regard on 15 April 2019.

**10 A commentary at the date of the announcement of the significant trends or competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

Sales for HDD components segment is expected to be lower in the coming months. Our Baseplates order is expected to be completed by September 2019.

After the submission of samples to one of the major global computer companies for the supply of forged and machined covers used in notebook personal computers, both Cheung Woh and the customer were unable to reach mutually agreed commercial terms. As such, the Group will not be continuing with this particular project. The Company continues to actively engage in other business opportunities using our forging technology.

For the PMS components segment, sales is expected to be higher in the coming months.

The global trade friction is creating a challenging business environment.

**11 Dividend**

**(a) Current Financial Period Reported On**

Any interim (final) dividend declared (recommended) for the current financial period reported on?

No.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

No.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

- 12 If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.**

As the Company was in a loss-making position in FY2019, the Board has not declared/recommended any dividend for FY2019.

- 13 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in the Appendix 7H) under Rule 720(1).**

The Company has procured undertakings from all its directors and executive officer.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

**14 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

(a) Business segments

	HDD Components		Precision Metal Stamping Components		Adjustments and Eliminations		Note	Consolidated financial statements	
	2019	2018	2019	2018	2019	2018		2019	2018
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000		S\$'000	S\$'000
<b>Turnover:</b>									
External sales	64,817	57,107	12,001	15,715	-	-		76,818	72,822
<b>Results:</b>									
Interest income	66	35	-	-	-	-		66	35
Interest expense	(318)	(554)	(45)	(81)	-	-		(363)	(635)
Amortisation and depreciation	(9,096)	(9,841)	(515)	(521)	-	-		(9,611)	(10,362)
Allowance for impairment									
on property, plant and equipment	(7,993)	(3,263)	-	-	-	-		(7,993)	(3,263)
Write-off of property, plant and equipment	(1,255)	(1,600)	-	-	-	-		(1,255)	(1,600)
Impairment on intangible assets	(113)	-	-	-	-	-		(113)	-
Allowance for inventories obsolescence	-	-	(8)	(44)	-	-		(8)	(44)
Inventories written-off	-	(2,637)	-	-	-	-		-	(2,637)
Other non-cash income/(expenses)	5	(4)	(3)	-	(2)	-	a	-	(4)
Segment (loss)/profit before taxation	(8,842)	(17,564)	1,434	2,544	-	(663)	b	(7,408)	(15,683)
<b>Assets:</b>									
Additions to non-current assets	2,262	11,981	230	876	(295)	(276)	c	2,197	12,581
Segment assets	139,803	176,812	13,436	19,834	(54,671)	(63,413)	d	98,568	133,233
<b>Segment liabilities</b>	60,414	90,250	8,490	11,772	(51,220)	(59,702)	e	17,684	42,320



**14 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year (cont'd)**

(a) Business segments (cont'd)

Notes:

a Other non-cash income/(expenses) consist gain/(loss) on disposal of property, plant and equipment.

b The following items are added to/(deducted from) segment profit to arrive at 'profit before taxation' presented in the consolidated statement of comprehensive income:

	2019	2018
	\$'000	\$'000
Share of results of associate companies	-	(120)
Loss on disposal of investments in associate companies	-	(543)
	<u>-</u>	<u>(663)</u>

c Additions to non-current assets consist of additions to property, plant and equipment.

d The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2019	2018
	\$'000	\$'000
Deferred tax assets	273	191
Inter-segment assets	(54,944)	(63,604)
	<u>(54,671)</u>	<u>(63,413)</u>

e The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2019	2018
	\$'000	\$'000
Deferred tax liabilities	4,182	3,108
Inter-segment liabilities	(55,402)	(62,810)
	<u>(51,220)</u>	<u>(59,702)</u>

**14 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year (cont'd)**

(b) Geographical segments

Revenue and non-current assets information based on the location of customers and assets respectively as follows:

	Turnover		Non-current assets	
	2019	2018	2019	2018
	S\$'000	S\$'000	S\$'000	S\$'000
Thailand	55,968	49,664	-	-
Malaysia	9,229	10,740	16,635	20,245
Singapore	2,338	2,322	4,296	4,351
People's Republic of China	619	825	33,380	48,683
Middle East	4,189	5,227	-	-
United States	924	1,577	-	-
Europe	1,349	1,935	-	-
Philippines	2,090	493	-	-
Others	112	39	47	56
	<u>76,818</u>	<u>72,822</u>	<u>54,358</u>	<u>73,335</u>

**15 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments**

Sales in HDD components segment have increased by 13.5% (or \$7.7 million) as compared to the previous financial year. The increase was mainly contributed by higher sales of Baseplates in the first three quarters of FY2019. Sales in air-combs and voice-coil-motor plates increased marginally as compared to FY2018.

HDD components segment reported a loss before taxation of \$8.8 million as compared to a loss of \$17.6 million in FY2018. The loss incurred in HDD components segment was mainly attributed to two reasons:

1. allowance on impairment (\$8.0 million) and write-off of PPE (\$1.3 million) as explained in General and Administrative expenses above; and
2. as sales in Baseplates is denominated in USD while majority of the costs of manufacturing are denominated in RMB, appreciation of RMB against USD in the first three quarters had resulted in higher cost when translated in USD.

Sales in PMS components segment decreased by 23.6% (or \$3.7 million) as compared to FY2018. This segment experienced sales decrease in the Middle East and Malaysia.

PMS components segment reported a segment profit before taxation of \$1.4 million as compared to \$2.5 million in FY2018. The decrease was mainly due to lower sales generated.

16 A breakdown of sales

	GROUP		
	2019 S\$'000	2018 S\$'000	Increase/ (Decrease) %
Sales reported for the first half of the year	44,403	30,548	45.4
Operating profit/(loss) after taxation reported for the first half year	1,488	(7,390)	n.m.
Sales reported for the second half of the year	32,415	42,274	(23.3)
Operating loss after taxation reported for the second half year	(10,435)	(9,368)	11.4

17 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

	2019 S\$'000	2018 S\$'000
<b>Declared and paid during the financial year:</b>		
- A final tax exempt dividend of 0.15 cent per share paid in respect of FY2018	453	-
- An interim tax exempt dividend of 0.1 cent per share paid in respect of FY2017	-	302
Total	453	302

18 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, statement to that effect.

The Group does not have a general mandate from its shareholders for interested person transactions.

19 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family Relationship with any director and/or CEO and/or substantial shareholder	Current position and duties, and the year position was first held	Details of changes in duties and position held, if any, during the year
Law Kung Ying	61	<ol style="list-style-type: none"> <li>1. Brother of Law Kung Ming and Law Yu Chui, Directors and Substantial Shareholders of Cheung Woh Technologies Ltd; and</li> <li>2. Son of Lee Hang Ngok, a Substantial Shareholder of Cheung Woh Technologies Ltd.</li> </ol>	He is the Chairman and Managing Director and he is overall responsible for the strategic development of the Group.	No change.

Name	Age	Family Relationship with any director and/or CEO and/or substantial shareholder	Current position and duties, and the year position was first held	Details of changes in duties and position held, if any, during the year
Law Kung Ming	63	<ol style="list-style-type: none"> <li>1. Brother of Law Kung Ying and Law Yu Chui, Directors and Substantial Shareholders of Cheung Woh Technologies Ltd; and</li> <li>2. Son of Lee Hang Ngok, a Substantial Shareholder of Cheung Woh Technologies Ltd.</li> </ol>	He is the Managing Director of Cheung Woh Technologies (Malaysia) Sdn. Bhd. (CWM), a wholly-owned subsidiary of the Company. He is responsible for the sales and marketing efforts and the overall operation of CWM.	No change.
Law Yu Chui	59	<ol style="list-style-type: none"> <li>1. Sister of Law Kung Ying and Law Kung Ming, Directors and Substantial Shareholders of Cheung Woh Technologies Ltd; and</li> <li>2. Daughter of Lee Hang Ngok, a Substantial Shareholder of Cheung Woh Technologies Ltd.</li> </ol>	She is the Finance and Administrative Director and she is overall responsible for the Group's finance and administrative matters.	No change.
Law Tak Heem	35	<ol style="list-style-type: none"> <li>1. Son of Mr Law Kung Ying, Managing Director and Substantial Shareholder of the Company.</li> <li>2. Nephew of Mr Law Kung Ming, Executive Director and Substantial Shareholder of the Company.</li> <li>3. Nephew of Ms Law Yu Chui, Finance and Administrative Director and Substantial Shareholder of the Company.</li> <li>4. Grandson of Mdm Lee Hang Ngok, a Substantial Shareholder of the Company.</li> </ol>	He is the Assistant General Manager of Cheung Woh Technologies (Johor) Sdn Bhd (CWJ), a wholly-owned subsidiary of the Company. He oversees the entire operations of CWJ since 2014. He is also responsible for identifying new business opportunities, gathering and analyzing business information and coordinating with various departments to support marketing strategies since 2018.	No change.

Name	Age	Family Relationship with any director and/or CEO and/or substantial shareholder	Current position and duties, and the year position was first held	Details of changes in duties and position held, if any, during the year
Tan Hai Ting	33	<ol style="list-style-type: none"> <li>1. Daughter of Ms Law Yu Chui, Finance and Administrative Director and Substantial Shareholder of the Company.</li> <li>2. Niece of Mr Law Kung Ying, Managing Director and Substantial Shareholder of the Company.</li> <li>3. Niece of Mr Law Kung Ming, Executive Director and Substantial Shareholder of the Company.</li> <li>4. Granddaughter of Mdm Lee Hang Ngok, a Substantial Shareholder of the Company.</li> </ol>	<p>She is Finance and Administrative Manager of Cheung Woh Technologies (Johor) Sdn Bhd (CWJ), a wholly-owned subsidiary of the Company. She oversees the accounting and administrative functions of CWJ since 2011.</p>	<p>No change.</p>
Tan Hai Yin	30	<ol style="list-style-type: none"> <li>1. Son of Ms Law Yu Chui, Finance and Administrative Director and Substantial Shareholder of the Company.</li> <li>2. Nephew of Mr Law Kung Ying, Managing Director and Substantial Shareholder of the Company.</li> <li>3. Nephew of Mr Law Kung Ming, Executive Director and Substantial Shareholder of the Company.</li> <li>4. Grandson of Mdm Lee Hang Ngok, a Substantial Shareholder of the Company.</li> </ol>	<p>Since 2018, he is the Manager of Advanced Engineering of Cheung Woh Precision (Zhuhai) Co., Ltd (CWI), a wholly-owned subsidiary of the Company. He manages new programs and facilitates First Article sample production, process and industrial engineering to ensure smooth transition to mass production.</p>	<p>He was the Quality Manager of CWI from 2015 to 2018.</p>

For and on behalf of the Board of Directors

Law Kung Ying  
Director

Law Yu Chui  
Director

25 April 2019